

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
Revised June 6, 2013

For temporary pits, below-grade tanks, and multi-well fluid management pits, submit to the appropriate NMOCD District Office.
For permanent pits submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office.

Pit, Below-Grade Tank, or

12432 Proposed Alternative Method Permit or Closure Plan Application

OIL CONS. DIV DIST. 3

- Type of action:
- Below grade tank registration
 - Permit of a pit or proposed alternative method
 - Closure of a pit, below-grade tank, or proposed alternative method
 - Modification to an existing permit/or registration
 - Closure plan only submitted for an existing permitted or non-permitted pit, below-grade tank, or proposed alternative method

39-26669

DEC 05 2014

Instructions: Please submit one application (Form C-144) per individual pit, below-grade tank or alternative request

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1.
Operator: McElvain Energy, Inc. OGRID #: 22044
Address: 1050 17th St. Suite 2500, Denver, CO 80265
Facility or well name: Cougar Com 33 #1M
API Number: 30-039-26669 OCD Permit Number: 835
U/L or Qtr/Qtr M Section 33 Township 26N Range 2W County: RioAriba
Center of Proposed Design: Latitude 36.4364 N Longitude -107.06088W NAD: 1927 1983
Surface Owner: Federal State Private Tribal Trust or Indian Allotment

2.
 Pit: Subsection F, G or J of 19.15.17.11 NMAC
Temporary: Drilling Workover
 Permanent Emergency Cavitation P&A Multi-Well Fluid Management Low Chloride Drilling Fluid yes no
 Lined Unlined Liner type: Thickness _____ mil LLDPE HDPE PVC Other _____
 String-Reinforced
Liner Seams: Welded Factory Other _____ Volume: _____ bbl Dimensions: L _____ x W _____ x D _____

3.
 Below-grade tank: Subsection I of 19.15.17.11 NMAC
Volume: 95 bbl Type of fluid: Oil & Water
Tank Construction material: Steel
 Secondary containment with leak detection Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off
 Visible sidewalls and liner Visible sidewalls only Other _____
Liner type: Thickness _____ mil HDPE PVC Other _____

** As discussed Please Follow Approved plan
Email Notification Allowed to public Entity's
Phone Notification IS NOT Approved
TABLE I closure is FOR 2013
permits only.*

4.
 Alternative Method:
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

5.
Fencing: Subsection D of 19.15.17.11 NMAC (Applies to permanent pits, temporary pits, and below-grade tanks)
 Chain link, six feet in height, two strands of barbed wire at top (Required if located within 1000 feet of a permanent residence, school, hospital, institution or church)
 Four foot height, four strands of barbed wire evenly spaced between one and four feet
 Alternate. Please specify 4" Hog wire w/top rail = 4"

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6.

Netting: Subsection E of 19.15.17.11 NMAC (*Applies to permanent pits and permanent open top tanks*)

Screen Netting Other Expanded Metal

Monthly inspections (If netting or screening is not physically feasible)

7.

Signs: Subsection C of 19.15.17.11 NMAC

12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers

Signed in compliance with 19.15.16.8 NMAC

8.

Variations and Exceptions:

Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance.

Please check a box if one or more of the following is requested, if not leave blank:

Variance(s): Requests must be submitted to the appropriate division district for consideration of approval.

Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

9.

Siting Criteria (regarding permitting): 19.15.17.10 NMAC

Instructions: *The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Siting criteria does not apply to drying pads or above-grade tanks.*

General siting

Ground water is less than 25 feet below the bottom of a low chloride temporary pit or below-grade tank.

- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

Yes No
 NA

Ground water is less than 50 feet below the bottom of a Temporary pit, permanent pit, or Multi-Well Fluid Management pit.

NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

Yes No
 NA

Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. **(Does not apply to below grade tanks)**

- Written confirmation or verification from the municipality; Written approval obtained from the municipality

Yes No

Within the area overlying a subsurface mine. **(Does not apply to below grade tanks)**

- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division

Yes No

Within an unstable area. **(Does not apply to below grade tanks)**

- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map

Yes No

Within a 100-year floodplain. **(Does not apply to below grade tanks)**

- FEMA map

Yes No

Below Grade Tanks

Within 100 feet of a continuously flowing watercourse, significant watercourse, lake bed, sinkhole, wetland or playa lake (measured from the ordinary high-water mark).

- Topographic map; Visual inspection (certification) of the proposed site

Yes No

Within 200 horizontal feet of a spring or a fresh water well used for public or livestock consumption;

- NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site

Yes No

Temporary Pit using Low Chloride Drilling Fluid (maximum chloride content 15,000 mg/liter)

Within 100 feet of a continuously flowing watercourse, or any other significant watercourse or within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). (Applies to low chloride temporary pits.)

- Topographic map; Visual inspection (certification) of the proposed site

Yes No

Within 300 feet from a occupied permanent residence, school, hospital, institution, or church in existence at the time of initial application.

- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image

Yes No

Within 200 horizontal feet of a spring or a private, domestic fresh water well used by less than five households for domestic or stock watering purposes, or 300feet of any other fresh water well or spring, in existence at the time of the initial application.

NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site

Yes No

Within 100 feet of a wetland.

- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site

Yes No

Temporary Pit Non-low chloride drilling fluid

Within 300 feet of a continuously flowing watercourse, or any other significant watercourse, or within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).

- Topographic map; Visual inspection (certification) of the proposed site

Yes No

Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.

- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image

Yes No

Within 500 horizontal feet of a spring or a private, domestic fresh water well used by less than five households for domestic or stock watering purposes, or 1000 feet of any other fresh water well or spring, in the existence at the time of the initial application;

- NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site

Yes No

Within 300 feet of a wetland.

- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site

Yes No

Permanent Pit or Multi-Well Fluid Management Pit

Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse, or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).

- Topographic map; Visual inspection (certification) of the proposed site

Yes No

Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.

- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image

Yes No

Within 500 horizontal feet of a spring or a fresh water well used for domestic or stock watering purposes, in existence at the time of initial application.

- NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site

Yes No

Within 500 feet of a wetland.

- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site

Yes No

10.

Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC
- Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15.17.9 NMAC
- Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

Previously Approved Design (attach copy of design) API Number: _____ or Permit Number: _____

11.

Multi-Well Fluid Management Pit Checklist: Subsection B of 19.15.17.9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- A List of wells with approved application for permit to drill associated with the pit.
- Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
- Hydrogeologic Data - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC
- Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC

Previously Approved Design (attach copy of design) API Number: _____ or Permit Number: _____

12.

Permanent Pits Permit Application Checklist: Subsection B of 19.15.17.9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.9 NMAC
- Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- Climatological Factors Assessment
- Certified Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 NMAC
- Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- Leak Detection Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19.15.17.11 NMAC
- Quality Control/Quality Assurance Construction and Installation Plan
- Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- Nuisance or Hazardous Odors, including H₂S, Prevention Plan
- Emergency Response Plan
- Oil Field Waste Stream Characterization
- Monitoring and Inspection Plan
- Erosion Control Plan
- Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

13.

Proposed Closure: 19.15.17.13 NMAC

Instructions: Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed closure plan.

- Type: Drilling Workover Emergency Cavitation P&A Permanent Pit Below-grade Tank Multi-well Fluid Management Pit
 Alternative
- Proposed Closure Method: Waste Excavation and Removal
 Waste Removal (Closed-loop systems only)
 On-site Closure Method (Only for temporary pits and closed-loop systems)
 In-place Burial On-site Trench Burial
 Alternative Closure Method

14.

Waste Excavation and Removal Closure Plan Checklist: (19.15.17.13 NMAC) **Instructions:** Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.

- Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC
- Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.13 NMAC
- Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings)
- Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- Re-vegetation Plan - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- Site Reclamation Plan - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC

15.

Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC

Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria require justifications and/or demonstrations of equivalency. Please refer to 19.15.17.10 NMAC for guidance.

- | | |
|---|---|
| Ground water is less than 25 feet below the bottom of the buried waste.
- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells | <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> NA |
| Ground water is between 25-50 feet below the bottom of the buried waste
- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells | <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> NA |
| Ground water is more than 100 feet below the bottom of the buried waste.
- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells | <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> NA |
| Within 100 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse, lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).
- Topographic map; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.
- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Within 300 horizontal feet of a private, domestic fresh water well or spring used for domestic or stock watering purposes, in existence at the time of initial application.
- NM Office of the State Engineer - iWATERS database; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Written confirmation or verification from the municipality; Written approval obtained from the municipality | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Within 300 feet of a wetland.
US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance | <input type="checkbox"/> Yes <input type="checkbox"/> No |

adopted pursuant to NMSA 1978, Section 3-27-3, as amended.

- Written confirmation or verification from the municipality; Written approval obtained from the municipality

Yes No

Within the area overlying a subsurface mine.

- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division

Yes No

Within an unstable area.

- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map

Yes No

Within a 100-year floodplain.

- FEMA map

Yes No

16. **On-Site Closure Plan Checklist:** (19.15.17.13 NMAC) *Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.*

- Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection E of 19.15.17.13 NMAC
- Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of Subsection K of 19.15.17.11 NMAC
- Construction/Design Plan of Temporary Pit (for in-place burial of a drying pad) - based upon the appropriate requirements of 19.15.17.11 NMAC
- Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC
- Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of 19.15.17.13 NMAC
- Waste Material Sampling Plan - based upon the appropriate requirements of 19.15.17.13 NMAC
- Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings or in case on-site closure standards cannot be achieved)
- Soil Cover Design - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- Re-vegetation Plan - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- Site Reclamation Plan - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC

17. **Operator Application Certification:**

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): _____ Title: _____

Signature: _____ Date: _____

e-mail address: _____ Telephone: _____

18. **OCD Approval:** Permit Application (including closure plan) Closure Plan (only) OCD Conditions (see attachment) *SEE FRONT*

OCD Representative Signature:  Approval Date: 2/23/15

Title: Environmental Spec OCD Permit Number: _____

19. **Closure Report (required within 60 days of closure completion):** 19.15.17.13 NMAC

Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

Closure Completion Date: 10/14/2014

20. **Closure Method:**

- Waste Excavation and Removal On-Site Closure Method Alternative Closure Method Waste Removal (Closed-loop systems only)
- If different from approved plan, please explain.

21. **Closure Report Attachment Checklist:** *Instructions: Each of the following items must be attached to the closure report. Please indicate, by a check mark in the box, that the documents are attached.*

- Proof of Closure Notice (surface owner and division)
- Proof of Deed Notice (required for on-site closure for private land only)
- Plot Plan (for on-site closures and temporary pits)
- Confirmation Sampling Analytical Results (if applicable)
- Waste Material Sampling Analytical Results (required for on-site closure)
- Disposal Facility Name and Permit Number
- Soil Backfilling and Cover Installation
- Re-vegetation Application Rates and Seeding Technique
- Site Reclamation (Photo Documentation)

On-site Closure Location: Latitude 36.43614 N Longitude -107.061314 W NAD: 1927 1983

Operator Closure Certification:

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): Deborah K Powell Title: Eng Tech Manager

Signature: *Deborah K Powell* Date: 12/3/2014

e-mail address: Debby@Mcelvain.com Telephone: 303-893-0933

McElvain Oil & Gas Properties, Inc.
San Juan Basin
Closure Plan

In accordance with Rule 19.15.17.1 NMAC the following procedure describes the closure plan for the McElvain Energy, Inc (MEI) below grade tank on the Cougar Com 33 #1M well located in the SWSW of Sec 33, T26N, 2W.

Closure Requirements:

1. MEI shall close the below grade tank within the time periods provided in 19.15.17.13 NMAC or by an earlier date that the division requires because of imminent danger to fresh water, public health, or the environment.
2. MEI shall close an existing below grade tank that does not meet the requirements of Paragraph (1) through (4) of Subsection I of 19.15.17.11 NMAC or is not included in Paragraph (5) of Subsection I of 19.15.17.11 NMAC within five years after June 16, 2008 if not retrofitted to comply with Paragraphs (1) through (4) of Subsection I of 19.15.17.11 NMAC.
3. MEI shall close a permitted below grade tank within 60 days of cessation of the below ground tank's operation or as required by the transitional provisions of Subsection B of 19.15.17.17 NMAC in accordance with a closure plan that the appropriate division district office approves. The closure report will be filed on C-144.
4. All liquids will be removed from the temporary permit prior to closure and the liquids disposed of in a division approved facility. **No liquids in tank.**
5. MEI shall remove the below grade tank and dispose of it in a division approved facility or recycle, reuse, or reclaim it in a manner that the appropriate division district office approves. **Tank Removed**
6. MEI will remove any on-site equipment associated with the below grade tank unless the equipment is required for some other purpose. **Associated equipment removed.**
7. MEI shall test the soils beneath the below grade tank to determine whether a release has occurred. MEI shall collect a five point composite sample and individual grab samples from any area that is wet, discolored, or showing other evidence of a release. The samples will be analyzed for BTEX, TPH, and chlorides to demonstrate that the individual constituent levels are below the levels set forth in the published closure criteria found in 19.15.17.13 (H)(5) Table 1 NMAC. MEI shall notify the division of its results on form C-141 if any corrective action need be taken. **Analytical report included.**

8. If MOG or the division determines that a release has occurred, then MEI shall comply with 19.15.3.116 NMAC and 19.15.1.19 NMAC as appropriate. **No release occurred. C-141 Included**
9. If contamination is confirmed by field sampling. MEI will follow the Guidelines For Remediation Of Leaks, Spills, and Releases NMOCD August 1993 when remediating identified contaminants. **None Present**
10. If the sampling program demonstrates that a release has not occurred or that any release does not exceed the concentrations specified in Paragraph (4) of Subsection E of 19.15.17.13 NMAC, then MEI shall backfill the excavation with compacted, non-waste containing, earthen material; construct a division-prescribed soil cover; re-contour, and re-vegetate the site. **Backfilled with good soil and re-contoured.**
11. Notice of closure will be given to the Aztec Division office between 72 hours and one week of closure via email or verbally. The notification of closure will include the following:
 - Operator's name
 - Location by Unit Letter, Section Township, and Range.
 - Well name and API number **Notification Attached**
12. All closure activities will include proper documentation and be available for review upon request and will be submitted to OCD within 60 days of closure of the blow grade tank. The closure report will be filed on C-144 and incorporate the following:
 - Details on capping and covering where applicable
 - Inspection reports
 - Sampling results **Attached**
13. The site will be re-contoured to match the surrounding area. Natural drainages will be unimpeded and erosion control will be utilized where necessary. **Re-Contoured to natural landscape**
14. MEI shall seed the disturbed areas the first growing season with a division approved seed mixture after pit closure. Seeding will be accomplished by drilling on the contour whenever possible or by other division approved methods. Repeat seeding or planting will be continued until successful vegetative growth occurs. **Location has been seeded.**
15. A minimum of four feet of cover shall be achieved and the cover shall include one foot of suitable material to establish vegetation at the site, or the thickness of the topsoil native to the area , whichever is greater. **Four plus Feet of soil.**

16. The surface owner shall be notified of MOG's closing of the below grade tank as per the approved closure plan using certified mail with return receipt requested. **Notification by Phone.**

Debby Powell

From: Randy Elledge
Sent: Wednesday, October 08, 2014 8:33 AM
To: Jonathan.Kelly@state.nm.us; Cory.Smith@State.nm.us; Brandon.Powell@state.nm.us; Debby Powell
Cc: John Steuble; Glenn Hise; Tony Cooper; Tiffany McIntosh (tmcintosh@envirotech-inc.com)
Subject: Pit closures

McElvain Energy, Inc. will be sampling and removing the below grade pit tank (BGT) at the Cougar Com 33-1M on October 14th at 10:00am. Upon removal of the BGT, we will move to the Ora #8 and remove and sample the BGT on this location as well. If the samples return below the required limits, then backfilling will take place. If the test results are above the required limits, remediation will take place. Envirotech will be taking the field samples and conducting the laboratory analysis. I can be reached at 505-320-4969.

Randy J. Elledge
Wapiti Energy Services, LLC



November 25, 2014

Project Number 06039-0035

Mr. Randy Elledge
McElvain Oil & Gas
700 Dekalb Street
Farmington, New Mexico 87401

Phone: (505) 320-4969

RE: BELOW-GRADE TANK CLOSURE DOCUMENTATION FOR THE COUGAR COM #33-1M WELL SITE, RIO ARRIBA COUNTY, NEW MEXICO

Dear Mr. Elledge:

Enclosed please find the field notes and analytical results for below-grade tank (BGT) closure activities conducted at the Cougar Com #33-1M well site located in Section 33, Township 26 North, Range 2 West, Rio Arriba County, New Mexico. Upon Envirotech personnel's arrival on October 14, 2014, one (1) five (5)-point composite soil sample was collected from directly beneath the former BGT; see enclosed *Field Notes*. The sample was placed into a four (4)-ounce glass jar, capped headspace free, and transported on ice, under chain of custody, to Envirotech's Analytical Laboratory to be analyzed for total petroleum hydrocarbons (TPH) using USEPA Method 418.1 and 8015, benzene and total BTEX using USEPA Method 8021, and chlorides using USEPA Method 300.0. The sample returned results below the regulatory standards for all constituents analyzed, confirming a release had not occurred; see enclosed *Summary of Analytical Results* and *Analytical Results*. Envirotech, Inc. recommends no further action in regards to this incident.

We appreciate the opportunity to be of service. If you have any questions or require additional information, please contact our office at (505) 632-0615.

Respectfully submitted,
ENVIROTECH, INC.


Sheena Leon
Environmental Field Technician
sleon@envirotech-inc.com

Enclosure(s): Field Notes
Summary of Analytical Results
Analytical Results

Cc: Client File Number 06039

PAGE NO: 1 OF 1



ENVIRONMENTAL SPECIALIST:
S. Leon
LAT: 36.431274
LONG: -107.061522

DATE STARTED: 10/14/14
DATE FINISHED: 10/14/14

FIELD REPORT: BGT / PIT CLOSURE VERIFICATION

LOCATION: NAME: Sugar Corn WELL #: 33-11 TEMP PIT: PERMANENT PIT: BGT:
 LEGAL ADD: UNIT: SEC: 33 TWP: 86 N RNG: 2 W PM:
 QTR/FOOTAGE: CNTY: Rio Arriba ST: New Mexico

EXCAVATION APPROX: FT. X FT. X FT. DEEP CUBIC YARDAGE:
 DISPOSAL FACILITY: REMEDIATION METHOD:
 LAND OWNER: API: BGT / PIT VOLUME:
 CONSTRUCTION MATERIAL: DOUBLE-WALLED, WITH LEAK DETECTION:
 LOCATION APPROXIMATELY: FT. FROM WELLHEAD
 DEPTH TO GROUNDWATER:

TEMPORARY PIT - GROUNDWATER 50-100 FEET DEEP
 BENZENE ≤ 0.2 mg/kg, BTEX ≤ 50 mg/kg, GRO & DRO FRACTION (8015) ≤ 500 mg/kg, TPH (418.1) ≤ 2500 mg/kg, CHLORIDES ≤ 500 mg/kg
 TEMPORARY PIT - GROUNDWATER ≥ 100 FEET DEEP
 BENZENE ≤ 0.2 mg/kg, BTEX ≤ 50 mg/kg, GRO & DRO FRACTION (8015) ≤ 500 mg/kg, TPH (418.1) ≤ 2500 mg/kg, CHLORIDES ≤ 1000 mg/kg
 PERMANENT PIT OR BGT
 BENZENE ≤ 0.2 mg/kg, BTEX ≤ 50 mg/kg, TPH (418.1) ≤ 100 mg/kg, CHLORIDES ≤ 250 mg/kg

FIELD 418.1 ANALYSIS

TIME	SAMPLE ID.	LAB NO.	WEIGHT (g)	mL FREON	DILUTION	READING	CALC. (mg/kg)
10:10	200 STD					182	
10:53	BGT	1	5	20	X4	0	0
		2					
		3					
		4					
		5					
		6					

PERIMETER

FIELD CHLORIDES RESULTS

PROFILE

SAMPLE ID	READING	CALC. (mg/kg)

PID RESULTS	
SAMPLE ID	RESULTS (mg/kg)
BGT	0.0

LAB SAMPLES

NOTES:

SAMPLE ID	ANALYSIS	RESULTS
	BENZENE	
	BTEX	
	GRO & DRO	
	CHLORIDES	

Collected 1 5 point composite
 Sample under BGT
 Ranking:
 WORKORDER # WHO ORDERED

Table 1, Summary of Analytical Results
 McElvain Oil and Gas
 Cougar Com #33-1M
 Below Ground Tank Closure Report
 Rio Arriba County, New Mexico
 Project Number 06039-0035

Sample Description	Sample Number	Date	TPH USEPA Method 418.1 (ppm)	TPH USEPA Method 8015 (ppm)	Benzene USEPA Method 8021 (ppm)	BTEX USEPA Method 8021 (ppm)	Chlorides USEPA Method 300.0 (ppm)
NMOCD/RCRA Standards	NA	NA	2500	1000	10	50	10000
BGT Composite	1	10/14/2014	ND	ND	ND	ND	ND

NS = Not Sampled

ND = Non-Detect at Stated Method's Detection Limit

* Values in **BOLD** above regulatory standards

EPA METHOD 418.1
TOTAL PETROLEUM
HYDROCARBONS

Client: McElvain Oil & Gas Project #: 06039-0035
Sample No.: 1 Date Reported: 11/24/2014
Sample ID: BGT Composite Date Sampled: 10/14/2014
Sample Matrix: Soil Date Analyzed: 10/14/2014
Preservative: Cool Analysis Needed: TPH-418.1
Condition: Cool and Intact

Parameter	Concentration (mg/kg)	Det. Limit (mg/kg)
Total Petroleum Hydrocarbons	ND	5.0

ND = Parameter not detected at the stated detection limit.

References: Method 418.1, Petroleum Hydrocarbons, Total Recoverable, Chemical Analysis of Water and Waste, USEPA Storet No. 4551, 1978.

Comments: **Cougar Com #33-1M**

Instrument calibrated to 200 ppm standard and zeroed before each sample.



Analyst

Sheena Leon

Printed



Review

Toni McKnight, EIT

Printed

CONTINUOUS CALIBRATION
EPA METHOD 418.1
TOTAL PETROLEUM
HYDROCARBONS

Cal. Date: 14-Oct-14

Parameter	Standard Concentration mg/L	Concentration Reading mg/L
TPH	100	182
	200	
	500	
	1000	

The accepted percent relative deviation (%RSD) of the calibration factor is less than 20% over the working range.



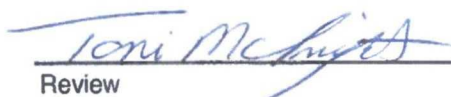
Analyst

11/24/2014

Date

Sheena Leon

Print Name



Review

11/24/2014

Date

Toni McKnight, EIT

Print Name



Analytical Report

Report Summary

Client: McElvain Energy, Inc.
Chain Of Custody Number: 17482
Samples Received: 10/14/2014 4:10:00PM
Job Number: 06039-0035
Work Order: P410055
Project Name/Location: Cougar Com 33-1M

Entire Report Reviewed By:

A handwritten signature in black ink, appearing to read 'Tim Cain', is written over a horizontal line.

Date: 10/22/14

Tim Cain, Laboratory Manager

The results in this report apply to the samples submitted to Envirotech's Analytical Laboratory and were analyzed in accordance with the chain of custody document supplied by you, the client, and as such are for your exclusive use only. The results in this report are based on the sample as received unless otherwise noted. Partial or incomplete reproduction of this report is prohibited, unless approved by Envirotech, Inc. If you have any questions regarding this analytical report, please don't hesitate to contact Envirotech's Laboratory Staff.



McElvain Energy, Inc. PO Box 5610 Farmington NM, 87499-5610	Project Name: Cougar Com 33-1M Project Number: 06039-0035 Project Manager: Etech	Reported: 22-Oct-14 14:23
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Analytical Report for Samples

Client Sample ID	Lab Sample ID	Matrix	Sampled	Received	Container
BGT Composite	P410055-01A	Soil	10/14/14	10/14/14	Glass Jar, 4 oz.

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**BGT Composite
P410055-01 (Solid)**

Analyte	Result	Reporting			Batch	Prepared	Analyzed	Method	Notes
		Limit	Units	Dilution					
Volatile Organics by EPA 8021									
Benzene	ND	0.10	mg/kg	1	1442019	10/15/14	10/22/14	EPA 8021B	
Toluene	ND	0.10	mg/kg	1	1442019	10/15/14	10/22/14	EPA 8021B	
Ethylbenzene	ND	0.10	mg/kg	1	1442019	10/15/14	10/22/14	EPA 8021B	
p,m-Xylene	ND	0.20	mg/kg	1	1442019	10/15/14	10/22/14	EPA 8021B	
o-Xylene	ND	0.10	mg/kg	1	1442019	10/15/14	10/22/14	EPA 8021B	
Total Xylenes	ND	0.10	mg/kg	1	1442019	10/15/14	10/22/14	EPA 8021B	
Total BTEX	ND	0.10	mg/kg	1	1442019	10/15/14	10/22/14	EPA 8021B	
<i>Surrogate: 4-Bromochlorobenzene-PID</i>		93.8 %		50-150	1442019	10/15/14	10/22/14	EPA 8021B	
Nonhalogenated Organics by 8015									
Gasoline Range Organics (C6-C10)	ND	9.99	mg/kg	1	1442019	10/15/14	10/22/14	EPA 8015D	
Diesel Range Organics (C10-C28)	ND	40.0	mg/kg	2	1442014	10/15/14	10/15/14	EPA 8015D	
<i>Surrogate: o-Terphenyl</i>		102 %		50-200	1442014	10/15/14	10/15/14	EPA 8015D	
<i>Surrogate: 4-Bromochlorobenzene-FID</i>		85.6 %		50-150	1442019	10/15/14	10/22/14	EPA 8015D	
Cation/Anion Analysis									
Chloride	ND	9.88	mg/kg	1	1442020	10/15/14	10/15/14	EPA 300.0	

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McElvain Energy, Inc. PO Box 5610 Farmington NM, 87499-5610	Project Name: Cougar Com 33-1M Project Number: 06039-0035 Project Manager: Etech	Reported: 22-Oct-14 14:23
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Volatile Organics by EPA 8021 - Quality Control

Envirotech Analytical Laboratory

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch 1442019 - Purge and Trap EPA 5030A										
Blank (1442019-BLK1)										
Prepared: 14-Oct-14 Analyzed: 16-Oct-14										
Benzene	ND	0.10	mg/kg							
Toluene	ND	0.10	"							
Ethylbenzene	ND	0.10	"							
p,m-Xylene	ND	0.20	"							
o-Xylene	ND	0.10	"							
Total Xylenes	ND	0.10	"							
Total BTEX	ND	0.10	"							
Surrogate: 4-Bromochlorobenzene-PID	0.395		"	0.400		98.9	50-150			
LCS (1442019-BS1)										
Prepared: 14-Oct-14 Analyzed: 16-Oct-14										
Benzene	18.5	0.10	mg/kg	20.0		92.5	75-125			
Toluene	18.6	0.10	"	20.0		92.9	70-125			
Ethylbenzene	18.7	0.10	"	20.0		93.4	75-125			
p,m-Xylene	37.7	0.20	"	40.0		94.5	80-125			
o-Xylene	18.6	0.10	"	20.0		93.1	75-125			
Surrogate: 4-Bromochlorobenzene-PID	0.404		"	0.400		101	50-150			
Matrix Spike (1442019-MS1)										
Source: P410054-01 Prepared: 14-Oct-14 Analyzed: 16-Oct-14										
Benzene	19.9	0.10	mg/kg	20.0	ND	99.3	75-125			
Toluene	20.0	0.10	"	20.0	ND	100	70-125			
Ethylbenzene	20.1	0.10	"	20.0	ND	100	75-125			
p,m-Xylene	40.6	0.20	"	40.0	ND	102	80-125			
o-Xylene	20.1	0.10	"	20.0	0.11	100	75-125			
Surrogate: 4-Bromochlorobenzene-PID	0.411		"	0.400		103	50-150			
Matrix Spike Dup (1442019-MSD1)										
Source: P410054-01 Prepared: 14-Oct-14 Analyzed: 16-Oct-14										
Benzene	20.0	0.10	mg/kg	20.0	ND	100	75-125	0.769	15	
Toluene	20.1	0.10	"	20.0	ND	101	70-125	0.718	15	
Ethylbenzene	20.2	0.10	"	20.0	ND	101	75-125	0.634	15	
p,m-Xylene	40.9	0.20	"	40.0	ND	102	80-125	0.686	15	
o-Xylene	20.3	0.10	"	20.0	0.11	101	75-125	0.844	15	
Surrogate: 4-Bromochlorobenzene-PID	0.409		"	0.400		102	50-150			

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McElvain Energy, Inc. PO Box 5610 Farmington NM, 87499-5610	Project Name: Cougar Com 33-1M Project Number: 06039-0035 Project Manager: Etech	Reported: 22-Oct-14 14:23
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Nonhalogenated Organics by 8015 - Quality Control
Envirotech Analytical Laboratory

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch 1442014 - DRO Extraction EPA 3550M										
Blank (1442014-BLK1) Prepared: 14-Oct-14 Analyzed: 15-Oct-14										
Diesel Range Organics (C10-C28)	ND	25.0	mg/kg							
Surrogate: <i>o</i> -Terphenyl	38.1		"	39.9		95.5	50-200			
LCS (1442014-BS1) Prepared: 14-Oct-14 Analyzed: 15-Oct-14										
Diesel Range Organics (C10-C28)	465	25.0	mg/kg	499		93.2	38-132			
Surrogate: <i>o</i> -Terphenyl	44.3		"	39.9		111	50-200			
Matrix Spike (1442014-MS1) Source: P410046-04 Prepared: 14-Oct-14 Analyzed: 15-Oct-14										
Diesel Range Organics (C10-C28)	659	39.9	mg/kg	499	ND	132	38-132			
Surrogate: <i>o</i> -Terphenyl	59.2		"	39.9		148	50-200			
Matrix Spike Dup (1442014-MSD1) Source: P410046-04 Prepared: 14-Oct-14 Analyzed: 15-Oct-14										
Diesel Range Organics (C10-C28)	628	39.9	mg/kg	499	ND	126	38-132	4.77	20	
Surrogate: <i>o</i> -Terphenyl	53.2		"	39.9		133	50-200			

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Nonhalogenated Organics by 8015 - Quality Control
Envirotech Analytical Laboratory

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch 1442019 - Purge and Trap EPA 5030A										
Blank (1442019-BLK1)										
Prepared: 14-Oct-14 Analyzed: 16-Oct-14										
Gasoline Range Organics (C6-C10)	ND	9.99	mg/kg							
Surrogate: 4-Bromochlorobenzene-FID	0.361		"	0.400		90.4	50-150			
LCS (1442019-BS1)										
Prepared: 14-Oct-14 Analyzed: 16-Oct-14										
Gasoline Range Organics (C6-C10)	265	9.99	mg/kg	292	ND	90.9	80-120			
Surrogate: 4-Bromochlorobenzene-FID	0.369		"	0.400		92.2	50-150			
Matrix Spike (1442019-MS1)										
Source: P410054-01 Prepared: 14-Oct-14 Analyzed: 16-Oct-14										
Gasoline Range Organics (C6-C10)	285	10.0	mg/kg	292	ND	97.6	75-125			
Surrogate: 4-Bromochlorobenzene-FID	0.374		"	0.400		93.5	50-150			
Matrix Spike Dup (1442019-MSD1)										
Source: P410054-01 Prepared: 14-Oct-14 Analyzed: 16-Oct-14										
Gasoline Range Organics (C6-C10)	287	9.99	mg/kg	292	ND	98.5	75-125	0.798	15	
Surrogate: 4-Bromochlorobenzene-FID	0.374		"	0.400		93.5	50-150			

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Cation/Anion Analysis - Quality Control
Envirotech Analytical Laboratory

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch 1442020 - Anion Extraction EPA 300.0										
Blank (1442020-BLK1)				Prepared & Analyzed: 15-Oct-14						
Chloride	ND	9.99	mg/kg							
LCS (1442020-BS1)				Prepared & Analyzed: 15-Oct-14						
Chloride	501	9.93	mg/kg	497		101	90-110			
Matrix Spike (1442020-MS1)				Source: P410054-01 Prepared & Analyzed: 15-Oct-14						
Chloride	511	9.94	mg/kg	497	ND	103	80-120			
Matrix Spike Dup (1442020-MSD1)				Source: P410054-01 Prepared & Analyzed: 15-Oct-14						
Chloride	514	9.94	mg/kg	497	ND	103	80-120	0.674	20	

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McElvain Energy, Inc.
PO Box 5610
Farmington NM, 87499-5610

Project Name: Cougar Com 33-1M
Project Number: 06039-0035
Project Manager: Etech

Reported:
22-Oct-14 14:23

Notes and Definitions

DET Analyte DETECTED
ND Analyte NOT DETECTED at or above the reporting limit
NR Not Reported
dry Sample results reported on a dry weight basis
RPD Relative Percent Difference

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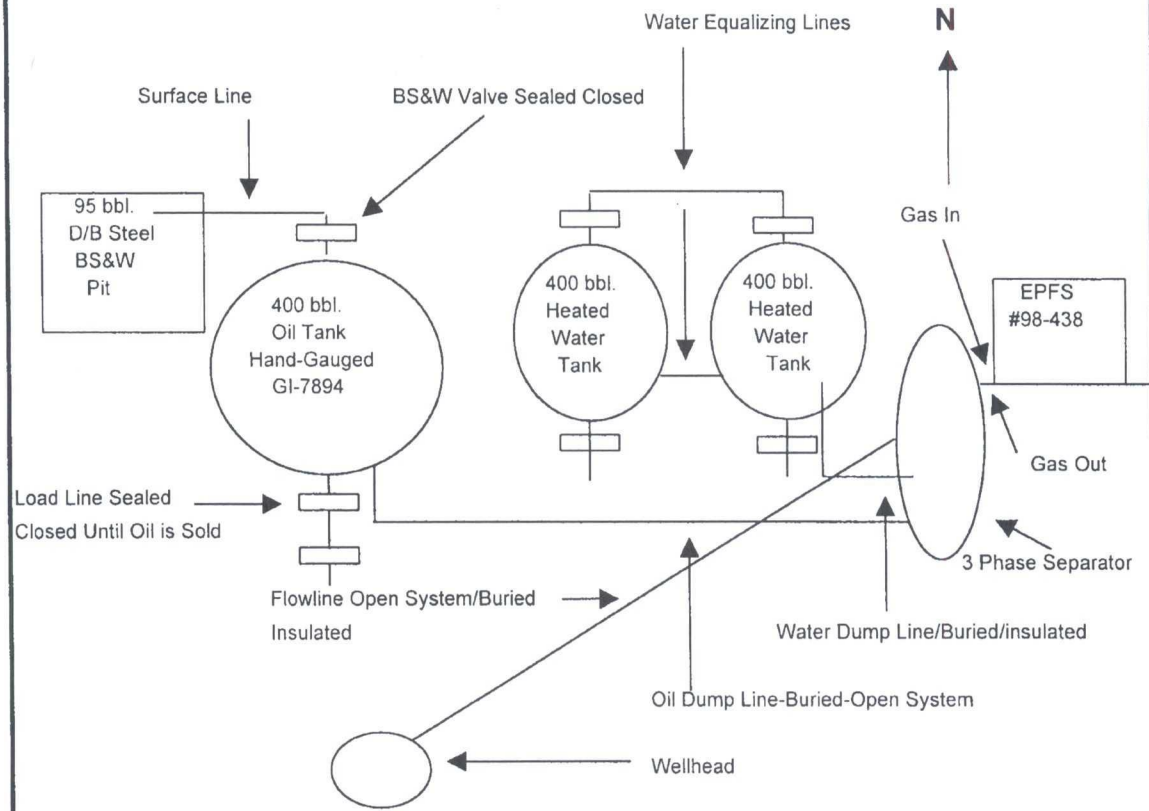
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CHAIN OF CUSTODY RECORD

17482

Client: <i>McElwain</i>		Project Name / Location: <i>Cougat Com 33-1m</i>			ANALYSIS / PARAMETERS														
Email results to: <i>S. Fleen</i>		Sampler Name: <i>S. Fleen</i>			TPH (Method 8015)	BTEX (Method 8021)	VOC (Method 8260)	RCRA 8 Metals	Cation / Anion	FCI	TCLP with H/P	CO Table 910-1	TPH (418.1)	CHLORIDE			Sample Cool	Sample Intact	
Client Phone No.:		Client No.: <i>06039-0035</i>																	
Sample No. / Identification	Sample Date	Sample Time	Lab No.	No./Volume of Containers	Preservative														
					HNO ₃	HCl	CO ₂												
<i>BET Composite</i>	<i>10/14/14</i>	<i>10:55</i>	<i>P410055-01</i>	<i>-4.0 g/55 ml</i>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>										<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Relinquished by: (Signature) <i>Micron Fleen</i>				Date	Time	Received by: (Signature) <i>Micron Fleen</i>				Date	Time								
				<i>10/14/14</i>	<i>10:10</i>					<i>10/14/14</i>	<i>10:10</i>								
Relinquished by: (Signature)				Received by: (Signature)															
Sample Matrix																			
Soil <input checked="" type="checkbox"/> Solid <input type="checkbox"/> Sludge <input type="checkbox"/> Aqueous <input type="checkbox"/> Other <input type="checkbox"/>																			
<input type="checkbox"/> Sample(s) dropped off after hours to secure drop off area.																			
										12.4									
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LOCATION DIAGRAM



Company: McElvain Oil & Gas
 Well: Cougar Com 33 #1M
 Location: M Sec. 33, T26N R2W
 County: Rio Arriba
 Lease: Fee
 Date: Apr-02
 State: New Mexico
 API: 30-039-26669



District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised August 8, 2011

Submit 1 Copy to appropriate District Office in accordance with 19.15.29 NMAC.

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company	McElvain Energy, Inc.	Contact	Deb Powell
Address	1050 17 th ST., Suite 2500, Denver, CO 80265	Telephone No.	303-893-0933
Facility Name	Cougar Com 33 #1M	Facility Type	Well- Removal of Below Grade Pit Tank
Surface Owner	Private	Mineral Owner	Private
		API No.	30-039-26669

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release	NONE	Volume of Release		Volume Recovered	
Source of Release		Date and Hour of Occurrence		Date and Hour of Discovery	
Was Immediate Notice Given?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?			
By Whom?		Date and Hour			
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If YES, Volume Impacting the Watercourse.			

If a Watercourse was Impacted, Describe Fully.*

NONE

Describe Cause of Problem and Remedial Action Taken.*

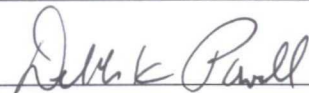
NONE

Describe Area Affected and Cleanup Action Taken.*

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

OIL CONSERVATION DIVISION

Signature:



Printed Name: Deborah K. Powell

Approved by Environmental Specialist:

Title: Eng Tech Manager

Approval Date:

Expiration Date:

E-mail Address: Debby@McElvain.com

Conditions of Approval:

Attached

Date: 12/3/2014

Phone: 303-893-0933

* Attach Additional Sheets If Necessary